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SR Committeeman Letter No. 306

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
WASHINGTON, D. C.

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March 4, 1939

Dear Committeeman:

Late last month 44 wheat farmers from 21 States came to Washington to discuss the wheat situation confronting American farmers and to exchange ideas from the different wheat areas on using the 1939 program to help prevent another record carryover this year.

After three days of talking things over, there was no question about wheat farmers the country over being together on these three points:

- (1) That the 1939 AAA program offers them the first chance for an effective wheat adjustment since 1936.
- (2) That they do not want important changes in the 1939 program.
- (3) That the wheat industry is aware that a critical price situation will prevail next summer and fall unless wheat farmers generally plant within their acreage allotments.



The wheat conference drew up a list of recommendations. Coming from representative wheat farmers all over the country, we feel that these recommendations should be made available to you and all other AAA committeemen. We are attaching a copy of the full text for your use.

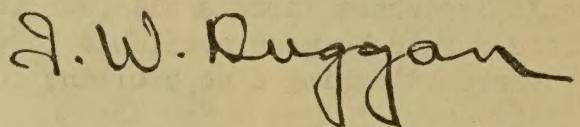
United States farmers are not alone in having a wheat problem. Wheat farmers all over the world are worried by the world wheat situation. The last world wheat crop was the largest on record -- about $4\frac{1}{2}$ billion bushelsworld supplies for the season are 5 billion bushels....world use is estimated at only 3-3/4 billion bushels....the world carryover next July will probably be near $1\frac{1}{2}$ billion bushels. This gives approximately $1-1/3$ bushels of wheat on hand for every bushel likely to be used in the world this year. Importing countries have grown more of their own wheatexporting countries have increased their production but they have had to sell less....; in the late 20's export countries sold almost 950 million bushels of wheat. This year it is probable that they can sell only about 550 million bushels.

In the United States, the AAA program aids wheat farmers in this difficult situation. A wheat payment of 28 cents a bushel for those keeping within their acreage allotments is assurance to cooperating

farmers this year that their incomes will be protected. But it is up to the farmers of the United States to demonstrate that they can use this program to work out a permanent solution. The situation in the United States is similar to that throughout the world: The 1938 crop of 931 million bushels was the fourth largest in history -- U. S. supplies for the year were over a billion bushels. Exports under the Government program will at best be not more than 100 million bushels. The carryover, which was 154 million bushels last July looks as if it will be near 300 million bushels next July. The problem for the wheat farmers of the United States is how to adjust themselves to this situation and still keep up their incomes.

This letter is written to bring to the attention of AAA committeemen the highlights in the wheat situation. From time to time additional information will be made available through these AAA Wheat Letters. As Government reports, such as the March report on indicated spring wheat acreage, monthly reports on crop conditions, etc., become available, these letters will bring comment on them. An outstanding question is whether or not, under the terms of the present Farm Act, there will need to be a wheat marketing quota for 1939. This will be known by May 15.

In the AAA wheat program, much of the job of keeping wheat farmers informed will be up to AAA committeemen. This AAA Wheat Letter is part of the program of bringing information to committeemen.



I. W. Duggan,
Director, Southern Division.

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SR Committeeman Letter No. 307

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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
Southern Division

April 24, 1939

Dear Committeeman:

You will be interested to know that the farm storage of wheat is working out satisfactorily under the Ever-Normal Granary program, according to results of the re-inspections which were recently completed.

Taking the United States as a whole, out of 18,591 bins which represent very nearly all the farm-storage loans the inspectors found only 146 bins which needed reconditioning, and of these only 20 could not be put back into good condition by fumigation or other treatment.

Farm storage is an important part of the Ever-Normal Granary program. It puts into operation one of the program's most important principles, that of holding the reserve supply as closely as possible to the point where the wheat was produced and of keeping title to the reserve in the hands of producers.

The loan part of the farm program is a cooperative arrangement between the Government and the wheat producers. The farm storage of the loan wheat was more or less experimental this past season. To make farm storage work satisfactorily, producers must keep the stored wheat in good condition. The results of this first trial on a large scale show that the farmers are accepting this responsibility.

Very truly yours,

I. W. Duggan

I. W. Duggan,
Director, Southern Division.



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SR Committeeman Letter No. 308

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
Southern Division

April 22, 1939.

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Dear Committeeman:

Farmers of the spring wheat area plan to follow the lead of the winter wheat farmers in reducing wheat acreage this year, according to the Government Crop Report of March 17. Spring wheat seedings are expected to total 19,505,000 acres in 1939. This indicates a reduction of about 17 percent from 1938, and about 13 percent from the 10-year (1929-38) average.

Winter wheat seedings were reported last December at 46,173,000 acres, a reduction of about 18 percent from the previous year. The winter wheat acreage, with prospective seedings of spring wheat, will total 65,678,000 acres. While this exceeds the national wheat allotment, it will be the smallest acreage seeded in 12 years, with the exception of 1934. The expected reduction in all wheat acreage is greater than has ever been made between any two consecutive years in our history.

The Crop Report for April points out that the total acreage of all wheat for harvest in 1939 seems likely to be nearly one-fourth less than was harvested last year, but probably slightly more than the average of the past 10 years. This allows for a 16 percent loss of winter wheat seedings and for 16,700,000 acres of spring wheat for harvest, and gives an estimated total wheat acreage for harvest in 1939 of about 55,500,000 acres. How this compares with previous years is shown by the following figures:

Harvested wheat acreage, comparison by years

1939 (estimated)	1938	1937	1927-36 average
Acres	Acres	Acres	Acres
55,500,000	70,221,000	64,422,000	55,325,000

This report of what the winter wheat farmers have done and the spring wheat farmers are planning to do shows very definitely that the farmers of the United States are ready and willing, if they are given the opportunity, to cooperate to solve their problems.

Farmers have seen the wheat supplies grow in 2 years' time into a price-depressing surplus far too large for the available market.

The report of winter wheat seedings and the intentions of spring wheat growers to seed in 1939 shows that the farmers have recognized this situation as one which needs their unified attention. This is the first year since the invalidation of certain features of the original Agricultural Adjustment Act in 1936 that the farmers have had effective machinery for making necessary adjustments in wheat acreage on a cooperative and voluntary basis, and throughout the country they are using that machinery.

This picture of reduced seedings in 1939 shows that the wheat problem created by the abundant crops of 1937 and 1938 has been somewhat relieved. But it is by no means solved. The supply and price existing when the 1939 crop is harvested will be affected by several factors, including actual seedings, 1939 yields, and the size of the carry-over.

As the Crop Report points out, the spring wheat acreage actually seeded in 1939 may turn out to be larger or smaller than the indicated acreage by reason of weather conditions, price changes and other factors.

Good yields on the indicated acreage -- reduced as it is under that of a year ago -- may again result in more wheat than we can use at home, sell abroad, and reasonably expect to store in the Ever-Normal Granary. The Agricultural Adjustment Act contains the marketing quota provisions to enable wheat farmers to effectively deal with such a situation.

You, as a committeeman in the major wheat area, will be encouraged by these reports, since they indicate that wheat farmers as a group are making use of the 1939 wheat program.

Very truly yours,

I. W. Duggan

I. W. Duggan,
Director, Southern Division.

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UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL ADJUSTMENT ADMINISTRATION

WASHINGTON, D. C.

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STAMP PLAN FOR DISTRIBUTION OF SURPLUS FOODS

May 17, 1939.

Dear Committeeman:

The Department of Agriculture is starting to try out a food-order stamp plan for distribution of surplus foods through normal trade channels. The plan which is to be tested first on an experimental basis in six cities, selected in different parts of the country and varying in size from 50,000 up, is already being put into operation in Rochester, N. Y., the first of the six cities to be selected. Other selected cities will likely be announced soon, perhaps even before this reaches you.

As you know, the Federal Surplus Commodities Corporation has for the past 5 years been carrying out a program of surplus purchase and direct distribution through State relief agencies. This program will be continued in all places except those cities where the new plan is in effect.

Because of the widespread interest in the plan it is likely that you will be asked a great many questions about it. For your information the following brief account may be helpful:

The new stamp plan is aimed directly at the twin problems of price-depressing surpluses on the farm and inadequate diets wherever found. Through the plan, wider consumption of surplus commodities will be sought by giving low-income families purchasing power to buy, through regular trade channels, additional amounts of needed farm products. This is intended as a supplement to the general farm program.

The additional buying power will be given in the form of food-order stamps, good in any local store for designated surplus foods. The stamps will go to those receiving or eligible for direct public assistance. Funds of the Federal Surplus Commodities Corporation will be used for their redemption.

The stamps are to provide for the purchase of surplus foods in addition to and not in place of regular food purchases now being made by the needy families. Three different methods of handling the stamps, each to be tried out in one or more of the experimental cities, will be used to determine the extent of precautions needed to insure that surplus purchases are actually additional purchases of food.

Under two of the methods, the surplus food stamps, which will be blue, will be given to eligible relief families only when these families buy orange-colored stamps of a face value approximating their present regular food purchases. These orange-colored stamps will be good for any food in any grocery store, and will be used by the family to continue its regular food purchases. The two kinds of stamps will be issued in a single stamp book. They will not be transferable and will not be good if detached from the book before purchases are made.

Briefly, the orange or regular food-purchase stamps will be bought by the eligible family, and the additional blue or surplus-food stamps will be given to them without charge. One blue stamp will be issued for each two orange stamps purchased.

Families who take part in the joint stamp plan program will be required to buy a definite minimum of the orange stamps. They may, if need exists, buy a maximum of about half again as many as the minimum. The minimum may vary in different cities in accordance with price levels and other factors, including present average food expenditures. In general this minimum will not be less than \$1 a week for each member of the family, and it may be higher. Where the \$1 minimum applies, the addition of the free surplus stamps will give that family total food buying power of \$1.50 a week per person.

As indicated above, two methods of distributing the orange and blue stamp books will be tried. Under one, the eligible families will pay cash for the stamp books, paying the value of the orange stamps. Under the other they will, at their request, receive the stamp books, dollar-for-dollar of orange stamp value, in place of part of their regular WPA or other relief payment.

The third way of handling the surplus stamps will call for distribution of blue stamps alone. Eligible families who receive these stamps will agree to continue their regular food purchases. This would be the simplest plan of all. Tests with it will show whether or not the precautions of the orange stamps are necessary to insure that surplus purchases are made as additions to regular purchases.

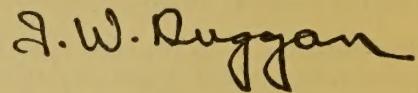
The food-order stamp plan will be entirely voluntary. The decision to buy the orange stamps and accept the blue stamps will rest in all cases with the relief family.

Close cooperation between public agencies and business will be basic in the new stamp plan. The surplus commodities will be officially designated by the Department of Agriculture. They will be handled, however, entirely by the regular food-distributing industry—from original farm product purchase to final sale in the retail store.

Full success of the plan would mean that demand for and distribution of surplus farm commodities would go far beyond the direct purchases made with the blue stamps. Grocerymen under the program are expected to become more effective salesmen for the farmer. The surplus commodities, sold in greater quantities, could be handled at lower unit cost. Featuring them through aggressive merchandising and lower price should result in increased sales to regular purchasers, as well as to those who buy with the blue surplus stamps. The result can well be a very important contribution to the job of moving more surpluses.

Further information in regard to the plan, and its extension if successful in the experimental cities, will be released as the plan moves into actual operation. On May 4 Secretary of Agriculture Henry A. Wallace designated eight foods as surplus products to be made available through the blue stamps. The foods designated by the Secretary were butter, shell eggs, dry edible beans, dried prunes, oranges, fresh grapefruit, wheat flour and whole wheat (graham) flour, and corn meal.

Very truly yours,



I. W. Duggan,
Director, Southern Division.

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AGRICULTURAL ADJUSTMENT ADMINISTRATION
WASHINGTON, D.C.

May 9, 1939

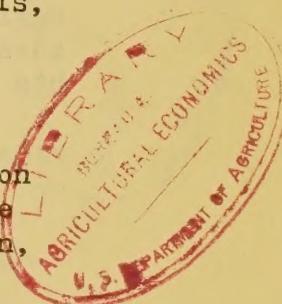
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Dear Committeeman:

Mr. R. M. Evans, our Administrator, has written you urging among other things, that the provisions of and the reasons for the 1939 Agricultural Conservation Program be studied in "every farming community, and in every village, town and city." At the same time, he pointed out that the Program is really "a loan of the Federal power to farmers" through which they may benefit themselves and better serve other people. He also pointed out that the Program is democratic, that it is mainly for farmers and that farmers should actively participate in its development and administration.

There are many improvements that farms need in order to produce better crops at lower cost. By making use of the provisions of the Program that assist them to carry out certain soil-building practices, farmers can get some of the needed improvements for their farms that they could not otherwise have. In addition to cash assistance there are two provisions that make it easier for them to get needed materials. The first provides that anyone entitled to a payment in connection with the 1939 Program may assign his interest in his payment as security for the purpose of financing and carrying out approved soil-building practices. The second provides that when a sufficient number of producers in a county desire materials such as limestone, phosphates, or winter legume seeds to be used in carrying out approved soil-building practices, these may be furnished by the Agricultural Adjustment Administration. The cost of these materials, without interest, will be deducted later from each farm payment.

In past years farmers in the Southern Region have failed to take full advantage of the assistance offered them in carrying out soil-building practices. In 1938 they failed to use over 11 million dollars of available assistance. This unused assistance would have helped them to terrace millions of acres of land subject to erosion, seed millions of acres of legumes, establish millions of acres of permanent pastures, or carry out many other urgently needed practices. The failure to make use of this assistance has been a loss to farmers, to business people, and to community welfare in general far in excess of the 11 million dollars. The practices which might have been financed through this cash assistance would have increased the production of food and feed, lowered production costs — with the result that the farmers' standard of living would have been improved by many times this amount.



A large sum is again available this year for assistance with soil-building practices, and each farmer should know how much assistance is available to him. To help bring this about, it has been the objective of the State offices and of this office to have the county office furnish each farmer with a statement of the amount of cash help available to him. This will make it easier for him to plan to make his assistance go as far as possible in doing the things on his farm that will control erosion, conserve moisture, increase yields, produce needed food and feed, and cut production costs, thereby leaving more of the cash income to be used for improvements on the farm and in the home. By taking full advantage of this help progressive farmers who are already carrying out soil-building practices may enlarge their programs, and those who haven't been doing anything in the way of soil-building may get started.

You appreciate, of course, that as a committeeman, you have some of the responsibility of getting results in terms of better farms and improved conditions in the community. It might be well for you to find out how many farmers in your community and county have failed to take advantage of the soil-building assistance, who they are, and why they have not used this important provision of the Program. If this failure was caused by a lack of understanding of this provision of the Program, you can urge the county office to notify each farmer of the assistance available for his farm in 1939; if it was because farmers did not realize the value of the approved practices you can explain the benefits that can come from adopting some of the approved practices and you can encourage agricultural leaders to do the same. If each farmer takes full advantage of the assistance offered, the community as a whole as well as the individual farm, will be helped.

We would like to suggest that you not only plan your own farming operations to take full advantage of the soil-building assistance, but that you make it a point to discuss with other farmers of your neighborhood the practices that are best adapted to and most needed on their farms. No doubt other progressive farmers and professional agricultural workers can be enlisted in encouraging each of your neighbors to use the Program to the best possible advantage in improving his farm.

Very truly yours,

I. W. Duggan

I. W. Duggan,
Director, Southern Division.

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SR Committeeman Letter No. 311

MAY 20 1939

United States Department of Agriculture
Agricultural Adjustment Administration
Southern Division

May 6, 1939.

Dear Committeeman:

May 10 is an important date for wheat farmers. The Government crop report for May, which will include an estimate of the 1939 production of wheat, will be released on that date.

The Agricultural Adjustment Act of 1938 directs Secretary Wallace to proclaim a national wheat marketing quota by May 15 if the prospective supply is too large. If a quota is proclaimed, the question must be voted on by wheat farmers in a national referendum. Two-thirds of the wheat farmers voting must favor the quota to make it effective. If there is to be a referendum it must be held by June 10.

The information available on May 10 will determine whether or not Secretary Wallace will be required to announce a marketing quota.

If there is a referendum, every wheat farmer has a right to know just how he would be affected if the quota is approved or disapproved. Here is how approval or disapproval of the marketing quota would affect wheat farmers:

IF QUOTA IS APPROVED

IF QUOTA IS DISAPPROVED

Effect on Wheat Loans

Wheat loans will continue

: There will be no loans

Effect on Export Plan

Would encourage continued export subsidy program

: Unwillingness of farmers to hold surplus off market, expressed by a vote against quotas, would make export subsidies doubtful.

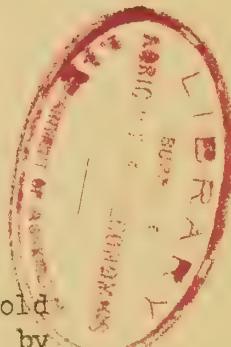
Effect on Wheat Provisions of AAA Program

Loans put a bottom under prices. Wheat prices in the last loan year have been 15 to 20 cents above normal relation to world price.

: Without wheat loan and export subsidy, tendency of prices would be toward world level.

Farmers would use full powers given them by Congress to limit excessive market supplies and to maintain prices and income

: Farmers would signify that they do not wish to take full advantage of price and income maintenance provisions of the Act.



We hope that you will make every effort to get these and other facts to every wheat farmer, and encourage them to discuss these facts and ask questions of your agricultural leaders regarding the wheat situation. You will be notified as soon after May 10 as possible if a quota is announced.

Sincerely yours,

I. W. Duggan

I. W. Duggan,
Director, Southern Division.

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JUL 2 1939
1939

SR Committeeman Letter No. 312

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
SOUTHERN DIVISION

May 18, 1939

TO ALL COMMITTEEMEN IN THE WHEAT COUNTIES IN
OKLAHOMA AND TEXAS

Dear Committeeman:

This is one of the most important weeks of the year for wheat farmers. Important decisions are being made on provisions of the AAA program that apply to wheat. Provisions for a 1939 wheat loan are about completed and it is expected that we will be able to give you definite information on this in a few days. Also, acreage allotments are nearly ready for the 1940 crop.

On May 15 Secretary Wallace made two announcements of national importance for wheat farmers:

1. There will be no wheat marketing quota this year.
2. The national wheat acreage allotment for 1940 will be increased by 7 million acres or about 12 percent above the 1939 allotment of 55 million acres.

Wheat supplies for 1939 are estimated at 974 million bushels, which includes the July 1 carryover and the prospective 1939 crop. This is 47 million bushels less than the marketing quota level of 1,021 million bushels. The Agricultural Adjustment Act of 1938 requires the Secretary to proclaim a quota when the supply exceeds the marketing quota level.

The quota level is based on the 10-year average of domestic consumption and exports of 756 million bushels plus a 35 percent reserve.

The estimated supply indicates that the wheat farmers have used the AAA program to provide plenty and still avoid surpluses which would make a marketing quota necessary. The cooperation of wheat farmers in the present program has given us a much healthier wheat situation than we had a year ago.

Wheat farmers, through an 18 percent reduction in their seeded acreage this year, indicated their willingness to cooperate in meeting the surplus wheat problem. The reduction in wheat supplies this year resulting from (1) compliance with acreage allotments, (2) the export sales program, and (3) weather conditions make possible the larger acreage allotment for next year.

This is all good news for wheat farmers and places us in a position to drive ahead for a greater program than ever in 1940.

More details on these features of the program will be made available to you in the near future.

Very truly yours,

I. W. Duggan

I. W. Duggan,
Director, Southern Division.

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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
WASHINGTON, D. C.

June 28, 1939.

Dear Committeeman:

We wrote you recently about the assistance available for soil-building and the need for making the best use of this assistance. In that letter we mentioned that the Agricultural Adjustment Administration furnishes materials to be used in carrying out soil-building practices to farmers participating in the Program. We want to discuss this provision more thoroughly.

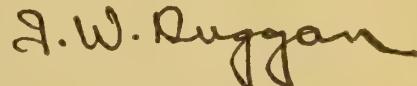
For various reasons farmers often cannot secure the materials they need for soil-building. When a number of farmers in a community find that they cannot get certain material needed for carrying out an approved soil-building practice, the A.A.A. can, if requested, furnish that material. The cost of the material, without interest, will be deducted from the farm payment. This provision is intended to be of service (1) where farmers do not have ready cash with which to purchase materials, (2) where the needed materials are not available from local sources, (3) where it is impractical for individual farmers to order small amounts, and (4) where help is needed to develop local sources of materials.

We believe that this provision is so important that every farmer should know how to use it. The plan is very simple. The participating farmer merely indicates to the county committee, by filling out the proper application form, the amount and kind of material he wants. The amount of the material desired by all the farmers in the county must be large enough to justify an order by the A.A.A. It must be kept in mind that any materials secured in this manner must be used only for carrying out approved soil-building practices and that the cost of all materials that can be secured for any farm is limited to a definite part of the total assistance available for soil-building.

In response to requests by farmers, arrangements have already been made to supply superphosphate under this provision in all States of the Southern Region, and to supply limestone in some States. In certain counties a plan has been worked out whereby limestone is delivered directly to the farm. Other materials, such as winter legume seed to be used in carrying out approved soil-building practices, can be made available in the same manner if farmers indicate that they want this service.

You can help those in your community to make best use of the provision for soil-building by (1) seeing to it that they know how much assistance is available to them, (2) explaining how they may get materials for soil improvement, and (3) enlisting the cooperation of educational leaders in giving each farmer in your community the information he needs in deciding which practices to carry out.

Very truly yours,



I. W. DUGGAN,
Director, Southern Division.

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
WASHINGTON, D. C.REC'D OCT 16 1939
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OCTOBER 15, 1939.

MINIMUM AND MAXIMUM COTTON ACREAGE ALLOTMENTS

DEAR COMMITTEEMAN: As you know, cotton acreage allotments for individual farms under the agricultural conservation program are determined in accordance with the provisions of section 344 of the Agricultural Adjustment Act of 1938. I am taking the opportunity through this letter to discuss the provisions of this section of the act in order that we may all have a common understanding of the manner in which farm cotton acreage allotments are determined.

In general, the method contained in section 344 of the act for determining farm cotton acreage allotments is on the basis of a uniform percentage of the cropland or tilled acreage in the farm. Cropland means land which is tilled annually or in regular rotation, and for individual farms is determined, either on the basis of measurements under preceding agricultural conservation programs, or if measurements are not available because the farm has not been in the program, by you as committeemen. From the cropland in each cotton farm there is subtracted the normal acreage of wheat, tobacco, sugar-cane for sugar, or rice for market, or wheat or rice for feeding to livestock for market. The resulting acreage is spoken of as the "tilled acreage adjusted" and the uniform percentage for the county is applied to this acreage in determining the cotton acreage allotment for the farm.

While the final cotton acreage allotment for the majority of farms is determined on the basis of a uniform percentage of the cropland, there are some farms for which the allotment exceeds or is less than such percentage. These farms receive allotments which are affected by the minimum and maximum allotment provisions of the act.

The **minimum** allotment provisions are especially applicable to small farms, such as farms for which the highest planted and diverted cotton acreage during the preceding 3 years is less than 5 acres, or to farms for which the allotment would be reduced below 5 acres, as well as farms for which the allotment computed on the uniform percentage basis would result in an acreage allotment smaller than 50 percent of the acreage planted to cotton in 1937 and the acreage diverted, if any, under the 1937 Agricultural Conservation Program, and also smaller than 40 percent of the cropland in the farm.

There is a small reserve of acreage available for farms receiving allotments between 5 and 15 acres and another small acreage from the 4-percent State reserve is usually available for farms receiving allotments in excess of 15 acres. In addition, it is possible for the county committee to redistribute at least a portion of the cotton acreage allotted to individual farms which for the current year is not needed for cotton production, provided the operators of such farms agree to the release of such unused acreage; this acreage is sometimes referred to as "frozen" acres. These reserves are distributed among farms by

the county committee and it can be seen that the additional allotment from these reserves makes the allotment for the farm higher than the uniform percentage for the county.

Another provision of section 344 provides for a **maximum** allotment for any farm. This maximum is the highest planted and diverted cotton acreage during the preceding 3 years for the farm; that is, the allotment computed for any farm on the basis of the uniform percentage for the county cannot be greater than such highest cotton acreage. If the allotment for any farm is limited by this maximum provision, it can be seen that the allotment will be less than the uniform percentage for the county.

Considering all this, we are now ready to ask ourselves some important questions. Why is it necessary to provide for minimum allotments? Why is it necessary to provide for maximum allotments? Why is it desirable to provide small reserves for adjustments in allotments?

You have, of course, seen the figures and are somewhat familiar with the cotton situation, and we all generally agree that a considerable adjustment in production is necessary in order that the unwieldy supply of cotton may be reduced so that its burdensome effects upon the income of cotton farmers will be diminished. During the last 2 years the acreage we planted to cotton has been only approximately two-thirds or less of the acreage we normally plant to cotton. If small farms normally producing less than 5 acres were reduced pro rata, a very serious reduction would be made in the already too small cash income for these small farms. I think most producers will generally agree, therefore, that minimum allotments for small farms are fully justified. In considering the minimum allotment provisions of the act we should not fail to consider fully the thousands of small farms for which nearly all of us would agree that such provisions should be applicable.

Other farms to which the minimum allotment provisions are generally applicable are those which are so situated that in the past a relatively high percentage, in comparison with the average for the county, of the cropland in the farm, has been devoted to cotton. On these farms considerable equipment is available for cotton production. In most cases each of these farms is composed of a number of families producing cotton as family units. Each family unit might be regarded as a small farm. For most of the families on these farms cotton is about the only source of cash income. They generally do not produce other cash crops such as wheat, peanuts, tobacco, rice, sugar-cane for sugar, potatoes, livestock, or livestock products for market. To reduce the allotments for these farms below 50 percent of the 1937 planted and diverted acreage and also below 40 percent of the cropland in the farm would result in reducing the acreage which the family units residing on and producing cotton on such farms could grow, and thereby the already small cash income to these family units would be seriously reduced.

To some extent this "40-50 percent" minimum allotment provision gives consideration to the different conditions existing between farms including types, kinds, and productivity of the soil and thereby minimizing discrimination on the basis of these factors. There has occasionally been some criticism of the allotments made under this provision to some farms, especially to those not cooperating in the 1937

Agricultural Conservation Program. It should be remembered that a majority of the cotton farms in the South did cooperate in that program, and that while in most instances county cotton acreage allotments are 60 percent of the acreage planted to cotton and diverted from cotton on all farms in the county in 1937, the allotments to these farms generally do not exceed 50 percent of their 1937 planted and diverted acreage and are never increased under this provision in excess of 40 percent of their cropland.

In considering the "40-50 percent" minimum allotment provision some of us may be inclined to think that it affects only a few producers who did not cooperate in the 1937 program. We should remember that there are thousands of farms to which this provision applies which have participated in the program from the beginning and which we probably should not expect to make a reduction greater than 50 percent from their normal plantings, while other farms, on the average, are making a much smaller reduction from their normal plantings.

It is impossible under the law to provide for the thousands of cases on which most of us would agree, unless the provisions are also applicable in the few cases which are most commonly noticed. All similar cases, of course, must be treated alike under the law. We should remember that the allotment to most counties is increased by the provisions of section 344 (e) which provides a minimum county allotment of 60 percent of the 1937 planted plus diverted acreage. In counties affected by this 60-percent provision, the farms to which the "40-50 percent" provision applies contributed 60 percent of their 1937 planted plus diverted acreage to the county allotment; whereas, they receive under the "40-50 percent" provision an allotment of only 50 percent of their 1937 planted plus diverted acreage. In such counties this means that from 15 to 20 percent of the acreage contributed to the county allotment by such farms is used in making allotments to other farms in the county.

At this time I would also like to mention certain provisions of the act with respect to cotton which originally were applicable only to the crop years 1938 and 1939 but which during the last regular session of Congress were extended to be applicable for any crop year. These provisions include some of the minimum and maximum allotment provisions which are discussed above in this letter. One of these provisions affects the national cotton acreage allotment; another provides for minimum county cotton acreage allotments; while three other provisions affect farm cotton acreage allotments.

Section 343 (b) of the act originally provided that the national baleage allotment would in no case be less than 10 million bales for 1938 or 1939 and under certain conditions of supply and disappearance would not be less than $11\frac{1}{2}$ million bales for such years. This subsection has been amended by providing that the national allotment for any year after 1939 shall not be less than 10 million bales.

The provisions of section 344 (e), in accordance with which the acreage allotment for any county shall not be less than 60 percent of the sum of the acreage planted to cotton and diverted from the production of cotton under the 1937 Agricultural Conservation Program in the county, has been extended to apply to any crop year. Each county, therefore, is assured of a minimum cotton acreage allotment for any year of 60 percent of the 1937 planted and diverted cotton acreage.

The three provisions affecting farm cotton acreage allotments which were extended to be applicable for any crop year are as follows:

(1) **The 4 percent State reserve.**—This reserve which was created by the provisions of section 344 (g) has been made available for any crop year. The provisions of this subsection make it possible to assure the minimum farm allotments discussed above without seriously reducing the cotton acreage allotments for other farms which are not affected by the minimum allotment provisions of the act. From this 4 percent an acreage is also available for the small county reserves for correcting errors, for appeals, and for making upward adjustments in the allotments for farms for which the allotment is not adequate and representative in view of past production of cotton.

(2) **The so-called "40-50 percent" provision.**—Section 344 (h) now provides that for any crop year if the allotment for any farm determined in accordance with the uniform percentage for the county, and in accordance with the other provisions of the act, is less than 50 percent of the sum of the acreage planted to cotton and diverted from cotton production under the 1937 Agricultural Conservation Program, the cotton acreage allotment for such year shall be increased to 50 percent of the 1937 planted and diverted cotton acreage but not in excess of 40 percent of the acreage on the farm which is tilled annually or in regular rotation.

(3) **The so-called "frozen acreage" provision.**—This provision, also contained in section 344 (h), has been extended to be applicable for any crop year. It will be possible, therefore, in future years for farmers to release all or any part of the cotton acreage allotment for their farms without such release affecting the cotton acreage allotment for their farms in succeeding years. This permits greater flexibility in the program and makes it possible for farmers to reduce the acreage of cotton planted on their farms so that a greater acreage of general crops if needed may be produced.

Most of you, I am sure, have had a busy year with the program and with your own farming operations. There is still a considerable amount of work immediately ahead of us. Although 1940 will be the third year we have used the method contained in section 344 of the act for determining cotton allotments, we are usually working with one particular detail of it at a time. We do need, therefore, to review briefly the whole method from time to time so that our general perspective will be based on the whole picture rather than on any one phase of it. Some of you, of course, have been committeemen for a longer period of time than others; however, I am sure that all of you will fully inform yourselves on all important phases of the agricultural conservation program so that you will be in a position to render the greatest possible service to the farmers in your community and county.

Very truly yours,

J. W. Ruggan

Director, Southern Division.

SR Committeeman Letter No. 316

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
Washington, D.C.

DEC 21 1939
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12/21/39

September 27, 1939.

Dear County Committeeman:

We are coming now to a successful conclusion of the 1939 Agricultural Conservation Program. However, one of the most important things - from the farmer's standpoint - yet remains to be done. I refer to the issuance of payments to producers who have cooperated in the program this year.

The purpose of this letter is to call to your attention the responsibility which you, as a county committeeman, have in approving applications for payment for eligible producers. County committeemen have done a conscientious and commendable job in this respect since the beginning of the farm program, but I feel that we should continue to strive for a still higher degree of accuracy in the execution of applications for payment. Errors in payment are a direct reflection on the administration of the program and can do more to demoralize the program than any other one thing.

On the reverse side of the application for payment is the Certificate of County Committee, which is an integral part of the application. I would ask that you study the separate provisions of this certificate very carefully, and bear them in mind each time you approve an application. I would also like to emphasize the fact that each application must be approved by the county committee as a body. The signature of a member of the committee on the application for payment itself is merely an indication that the committee as a whole has considered the application and found it to be correct and the interested persons eligible and entitled to payment.

Very truly yours,

I. W. Duggan

I. W. Duggan,
Director, Southern Division.

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no. 317UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
WASHINGTON, D. C.COURT DECISIONS OBTAINED AGAINST VIOLATORS OF COTTON AND
TOBACCO MARKETING QUOTA PROVISIONS

October 18, 1939.

600
DEC 31 1939
M-317

Dear Committeeman:

Your conscientious efforts, as well as those of fellow AAA workers and cooperating farmers, to administer the provisions of the National Farm Program equally and justly have at times been handicapped by the efforts of some persons to circumvent the regulations and provisions of cotton and tobacco marketing quotas. Some of the opposition rested on a belief that these regulations and provisions were not valid.

Recent successes in Federal courts in resisting challenges against the validity of cotton and tobacco marketing quotas and in obtaining convictions for violations, give impetus to the campaign of enforcing compliance with the marketing quota regulations, which a small minority of persons have violated. To you as committeemen and to the large number of producers, ginners, and buyers who have wholeheartedly cooperated it will be a satisfaction to know that those acting otherwise have not gained an advantage because of their evasion of the law. Additional cases are ready for court action, and others will be taken to court when full information can be made available to the proper authorities.

In this connection we bring to your attention various court cases which have a bearing on this matter.

Mulford v. Smith. In this case the Supreme Court of the United States upheld the constitutional validity of the tobacco marketing quota provisions of the AAA Act of 1938, affirming the decision of the District Court of the Middle District of Georgia. The Court held that the provisions constitute a valid regulation of interstate and foreign commerce and do not purport to control production. In this case, producers of flue-cured tobacco sought to restrain the warehousemen from deducting penalties.

Tropp v. LaSara Farmers Gin Co. and Guerra Gin Co.—The plaintiff, Tropp, sought to recover penalties collected from him by the gin companies on cotton sold by him to the gin companies in excess of his farm marketing quotas. The validity of the cotton marketing quota provision of the Act was challenged as a regulation of production, not marketing. Tropp contended also that the sales to the ginners were not interstate transactions but purely local and as such not subject to regulation by Congress. The decision overruled both contentions. Judge Allred followed the ruling of the Supreme Court in the Mulford case (see above), observing, "There is no controlling difference in principle between the provisions of the Act dealing with tobacco and cotton." The cotton marketing quota provisions were held constitutional.

North Carolina Convictions.—The first convictions for violating the marketing quota provisions of the Act were returned on September 19, 1939, in the U. S. District Court for the Eastern District of North Carolina. Other criminal cases involving violations of marketing quota provisions are to be tried in the next term of the court, following indictments by the Federal Grand Jury.

United States v. J. Neil Watson, Woodrow Smith, and Eural Beatty.—In the first of the North Carolina cases, Watson, a Roseboro, North Carolina, store clerk, was charged with "passing and uttering a forged instrument to wit, a tobacco marketing card." He was sentenced to 3 years in Federal Prison at Atlanta, and given a \$500 fine. Smith and Beatty, Roseboro farmers, were put on 18 months' probation on similar charges.

United States v. E. T. Bass.—On a charge similar to that made in the above case, this Clinton, North Carolina, farmer was sentenced to 18 months in Federal Prison at Atlanta, and fined \$500.

Redmond v. Buford et al.—In the District Court of the United States for the Southern District of Mississippi, the Court was asked to review the determination of a review as to the amount of the marketing quota for cotton for the farm of the complaining producer. The quota was established in the first instance through the county committee. The producer applied to the review committee for a review of the quota. The review committee denied any increase in acreage allotment, and granted in part the producer's claim for an increase in normal yield. Thereupon the producer petitioned the Court for a review of the determination of the review committee. After full hearing upon the record of the proceedings before the review committee, the Court affirmed the determination of the review committee. It was held that the determination was supported by substantial evidence.

United States v. William Stary.—This proceeding, filed September 22, 1939, in the District Court of the United States, Southern District of Texas, is to collect from the defendant the penalties due on cotton purchased by him from producers in excess of their marketing quotas. This case constitutes another step in a broad, vigorous campaign of investigation and enforcement of the marketing quota provisions.

The Solicitor's Office of the Department of Agriculture will cooperate with the Department of Justice and no opportunity will be overlooked to obtain compliance with the provisions of the AAA law by those who have sought to gain an advantage over others who are complying.

Very truly yours,

J. W. Duggan

I. W. DUGGAN,
Director, Southern Division.

